

# AEC Cash Advance, LLC

## Providing Cash Advance Funding to ESCOs



ADVANCED ENERGY CAPITAL

**Get the money you  
need to grow  
your business  
quickly**

This document is intended for information purposes only.

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## ***AEC Cash Advance, LLC***

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**AEC Cash Advance, LLC** is an affiliate of Advanced Energy Capital (“AEC”), a specialty finance company dedicated to serving the energy remarketing industry. AEC has a strategic alliance with a National Energy Wholesaler via which it provides turn-key credit and supply solutions for Retail Energy Providers (“REPs”). In addition, AEC offers REPs many alternative financing solutions which include an Incubator Program for startups, a Cash Advance Program for growth, and the ability to factor Non-POR (purchase of receivables by local Utilities) states and territories – essentially synthesizing a POR structure. AEC also offers term loans and advises REPs regarding mergers and acquisitions. Our goal is to assist the industry in its growth and expansion. AEC’s management team has financed over \$300 million in energy sales and has made or managed over \$450 million in direct loans.

Advanced Energy Capital provides the following services to the energy industry:

- National Energy Wholesaler Credit and Supply Programs
- Incubator for Start-Up Energy Companies
- Cash Advances to Fund Up to 100% of Telemarketing Programs
- Factoring for Commercial Customers
- Term Loans and Capital Raises
- Merger and Acquisitions



## **Why Get a Cash Advance?**

***All growing ESCOs face the same problem: their operating capital is tied up in purchasing energy supply and related deposits, leaving little or no capital available for growth.***

***At this stage of the industry's growth, ESCOs know that for every dollar they put into a telemarketing campaign they will earn, over the next five years, \$25. That is a 25:1 return on their investment assuming that the customer acquisition cost is \$50, the customer attrition rates are 15% and gross profits are \$100 per customer annually. Even if the customer is only retained for a year, the return on investment of the \$50 acquisition cost is still 200% (\$50 produces \$100).***

***ESCOs also face other short-term cash needs during non-peak seasons that for which they have no ability to generate the needed funds.***



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- ***AEC will advance cash to ESCOs by purchasing future sales, at a discount, today.***
- ***AEC can advance as little as \$10,000 or as much as \$1,000,000 in as little as 3 to 5 days.***
- ***When AEC purchases your future sales, you receive cash today and are able to put marketing dollars to work immediately, thereby earning the profits on those customers for years to come.***
- ***The purchase by AEC of your future sales is not a loan, has no fixed payments, does not require collateral and is, generally, not personally guaranteed.***
- ***The payment of the future sales matches your ability to pay them. If sales shrink, the monthly payments to AEC will shrink, and if sales grow, the monthly payments will grow as well, shortening the payment period over which AEC will receive its purchased sales.***
- ***You will give AEC the right to automatically debit your account for a certain percentage of your sales as these sales come in until the amount of purchased future sales are paid to AEC.***



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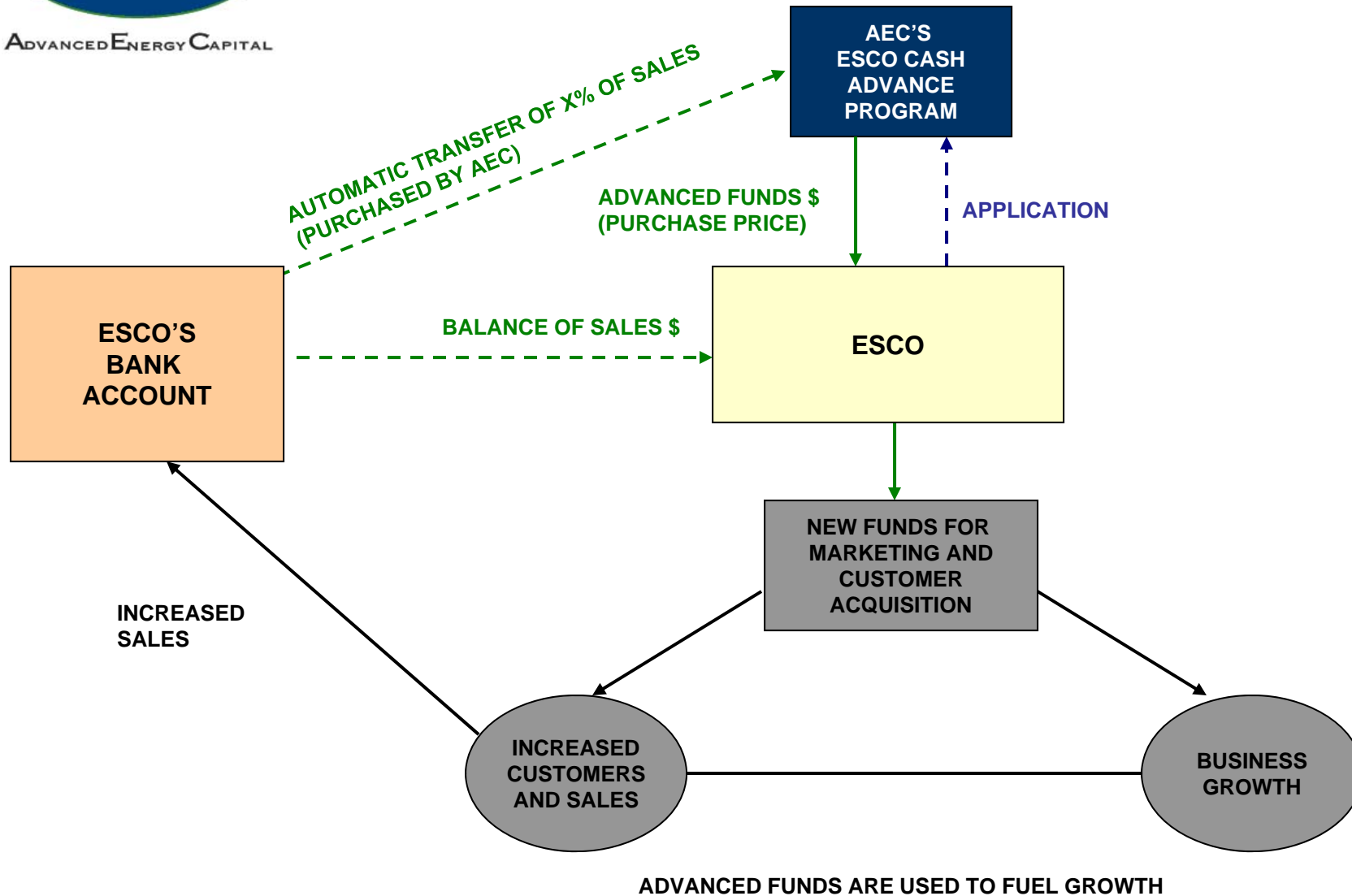
### What Is a Cash Advance?

- ***A cash advance is an efficient way to provide working capital to an ESCO by purchasing a fixed amount of its future sales.***
- ***AEC's ESCO Cash Advance Program buys an ESCO's future sales today at a discount.***
- ***We advance an ESCO \$X for the right to buy back \$Y worth of its future sales.***
- ***We do this by taking a fixed percentage of the future sales going forward until the advance is paid off.***
- ***The amount advanced is based upon the ESCO's total sales.***
- ***Unlike small business loans, the repayment occurs via an ACH from its weekly cash receipts.***
- ***Cash Advances can sometimes be renewed or increased, providing flexibility to the ESCO and just-in-time capital.***



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## **Why ESCOs Use Cash Advances**

- *To launch or expand a marketing effort*
- *To acquire more customers*
- *To launch a new advertising campaign or diversify your marketing strategies*
- *To buy out a partner (it is usually cheaper to take an advance than to give away ownership or a percentage of the profits)*
- *To fund an emergency need*
- *To fund operations during the slow season*
- *To pay off or consolidate existing debt*



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### Advantages of Taking a Cash Advance

- ✓ *No fixed time period: ESCOs pay based on a fixed % of their future sales*
- ✓ *Cash Advances work well with the businesses' cash flow: If sales slow down, so does the payback*
- ✓ *No fixed interest rate*
- ✓ *No fixed monthly payment to worry about*
- ✓ *No hard assets to secure it with and no collateral*
- ✓ *No late fees or penalties if time frame is longer than expected*
- ✓ *No prepayment penalties*
- ✓ *No personal guarantee (absent efforts to thwart payment to AEC of its % of sales)*
- ✓ *The amount is never reported to credit bureaus, unless the ESCO violates the agreement*
- ✓ *Minimal credit requirements*
- ✓ *Speed: ESCOs can obtain cash in as little as 3-5 days. ESCOs can get working capital without having to wait months for a traditional business loan*
- ✓ *Easy to Renew: You can receive your second advance within as soon as 3 months after your first advance from us.*
- ✓ *High Approval Rate: Cash Advances typically have minimal requirements and thus have very few rejections. Businesses who have been rejected for conventional bank loans can get a Cash Advance to fuel growth*





### **Advantages of Taking a Cash Advance – cont'd**

- ✓ *Cash Advances do NOT require an elaborate and time-consuming business plan or proposal (as a typical bank loan would)*
- ✓ *Cash Advances place no restrictions on how the ESCO decides to use the funds (as a typical bank loan would)*
- ✓ *Cash Advances are solely determined on business performance. The more sales the ESCO generates, the larger its cash advance can be.*
- ✓ *The ESCO's credit history is often irrelevant.*
- ✓ *Any US-Based ESCO that has been in business for at least six months can qualify for a Cash Advance*
- ✓ *Applying for a Cash Advance is quick, and can either be completed via phone or by an online form*
- ✓ *After submission, the ESCO will be notified within 48 hours of the amount the Cash Advance*
- ✓ *The Cash Advance customer support team is friendly and always available to address questions*



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### Sample Transaction

- Current ESCO annual sales: \$2.5 million
- Amount of future sales purchased: \$26,000
- Percentage of future sales deducted and debited directly by AEC: 2% per month until the amount of future sales purchased by AEC is achieved
- If sales soften or occur in non-peak periods nothing changes: monthly deductions stay at 2% of sales and it will take longer for AEC to receive its purchased future sales.
- Purchase Price – Cash Advance: \$20,000
- Average number of RCE's ): 400 (retail customer equivalents, if used for tele-marketing residential customers, assuming \$50/customer)
- Assuming 15% attrition per year and 16% gross margin:
- Projected gross margin for each \$20,000 advance over 5-year period: \$140,000
- Cost of Cash Advance: \$6,000
- 5-Year Return on Investment: 2336%

The specific details of your transaction will depend on your sales and growth



## **What Kind of Paperwork is Necessary to Become Approved?**

- ✓ *Cash Advance Application*
- ✓ *Bank Statements*
- ✓ *Driver's License*
- ✓ *Business License and Proof of Ownership*
- ✓ *Voided Check*
- ✓ *For Deals over \$10,000: Certificate of Insurance showing AEC as an additional loss payee. (This is of no additional cost to the ESCO)*
- ✓ *Sales History and Projections*



## **What Will Disqualify an ESCO From the Program?**

- Outstanding Tax Liens
- Open Bankruptcies
- Recent Foreclosures
- Collection Accounts
- Civil Judgments



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## **Frequently Asked Questions**

### **How Fast Can an ESCO Receive a Response After Submitting the Paperwork?**

As little as 1 to 2 business days.

### **How fast can an ESCO Actually Receive the Funds From Time of Application?**

As little as 3 to 5 days, but usually within a week from start to finish

### **What is the minimum and maximum amounts an ESCO can Receive?**

Minimum size is \$10,000. Maximum is \$1,000,000.

### **What are the three most important numbers in the approval process?**

1. The approved amount of future sales to be purchased
2. The purchase or “funded” amount
3. The percentage of cash receipts that will be used to pay back the total amount

### **What is the ESCOs Cash Advance interest rate?**

This is not a loan, so there is no interest rate. A Cash Advance is a purchase of the future sales. The amount of that purchase will depend upon your track record and your future revenue.



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### **Some Questions**

#### **Can I pay off the Cash Advance early without penalty?**

Yes. Unlike most small business loans, you are entitled to repay the remainder of your cash advance at any time without any penalty.

#### **Will I need to put down collateral for the Cash Advance?**

No. Unlike business loans, a cash advance is 100% unsecured. We decide the amount of cash in advance you will receive by confidentially looking at your historical sales and bank statements.

#### **Is there a charge or fee for setting up the Cash Advance?**

Yes. It is \$495. There are no other setup charges. Many small business loans have large setup charges from banks.

#### **Do Cash Advances show up on my credit report?**

No. Cash Advances do NOT show on your credit report, which is why cash advances are preferred by most businesses as opposed to business loans and small business loans. This gives you the ability to apply for other financing and your cash advance would have no effect on this.



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### **Some Questions**

#### **Can I renew or change the Cash Advance?**

Yes. Our cash advance program gives you the freedom of possibly renewing or changing your cash advance every three months or so to obtain more Cash Advances for your future sales – subject to approval.

#### **I am already with another company providing financing. Can you replace that arrangement and offer me more money?**

Contact us to find out specifically how much we can offer you. We may be able to offer larger advances or pay off your existing balances if it is in your best interest. We can also fund you without paying off your existing balance.

#### **What if I already have a business loan?**

Since a Cash Advance product is an advance and not a loan, you may be able to be approved regardless of your other debt.

#### **What amount must I pay each month?**

This are no interest payments or fixed monthly payments. No matter how long it takes you to pay back the advance, the sales percentage deducted is fixed for life.



## How Does AEC's ESCO Cash Advance Program Work?

- After an ESCO is approved, we test the bank account to make sure the ACH works
- The ESCO authorizes the ACH
- It is a relatively seamless process
- For risk purposes, we typically need test each ACH for 2-3 days.
- Therefore, once the ESCO signs the cash advance contract, the funds will be available in a matter of days.





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## **For More Information Contact:**

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